

AGENDA ITEM: Library of California Budget

ISSUES TO COME BEFORE THE BOARD AT THIS MEETING:

1. Consider allocation of Library of California funds.
2. Consider four meetings of the LoC Board in FY 2001/02.
3. Consider a BCP for FY 2002/03.

RECOMMENDED MOTION FOR CONSIDERATION BY THE BOARD: I move that the Library of California Board authorize the CEO to issue claim forms and other related materials to enable Library of California Regional Library Networks to claim \$200,000 budget allocations from the allocation formula adopted by the Board at its April 2001 meeting. Payment will be made immediately following the signing of the 2001/2002 California State Budget by the Governor.

RECOMMENDED MOTION FOR CONSIDERATION BY THE BOARD: I move that the Library of California Board revise its meeting schedule in FY 2001/02 by reducing the number of meetings from five to four.

RECOMMENDED MOTION FOR CONSIDERATION BY THE BOARD: I move that the Library of California authorize the CEO to develop a Budget Change Proposal to augment Library of California services for the 2002/03 Fiscal year.

ISSUE 1: Consider allocation of Library of California funds.

BACKGROUND:

The Library of California enters the 2001/02 fiscal year with all program elements requiring funding consideration. At its April 2001 meeting the LoC Board approved an allocation formula for the Regional Library Networks, confirmed network funding priorities, confirmed membership and participating library numbers, and made a

preliminary allocation of the 2001/02 baseline budget, pending additional information from the May revision of the Governor's budget.

On May 14, as part of overall reductions due to the slowing of the economy, the Governor's revised budget deleted a \$3.2 million augmentation proposed in the January budget to support the loan compensation program. At the same time the revised budget imposed a 2.5% decrease in state agency operating budgets, including the Library of California. If these changes are implemented it will leave the program with an estimated \$3.98 million in local assistance and \$986,700 in state operations.

Of immediate concern is the LoC loan compensation program, now unfunded for 2001/02. To allocate funds to a loan compensation program, the Board must consider a reduction in either regional or statewide programming, or both. Staff has developed options for Board consideration as part of the Loan Compensation Program report (Document 10) in this June 2001 packet. The staff loan compensation recommendation is incorporated into this report, but staff acknowledges that the Board must make its own determination as to allocating the LoC budget.

Recommendation:

Staff recommends continuation of the following established priorities to ensure stability of needed programs and services.

At the statewide level LoC-funded programs include the following:

- Librarians' Index to the Internet
- LoC Periodicals/Serials Database
- Loan Compensation

At the regional level LoC funded programs include the following:

- Reference and information services
- Delivery
- Training
- Administration including development and support of the network Council and Board
- Public relations
- Telecommunications and online access

Recommendation:

At its April 2001 meeting the Board adopted a preliminary budget that distributed its local assistance funding by budgeting \$3,312,860 for Regional Library Network programming and \$675,140 for statewide programming.

Staff recommends that the Board modify its proposed distribution of local assistance funds from the preliminary schedule adopted in April 2001 to continue the LoC pilot ILL program at the level of \$825,000. To accommodate the pilot ILL program staff proposes the following changes:

- Shift all CLSA-eligible LoC loan transactions back to CLSA, thereby saving an estimated \$165,000.
- With approval by the State Librarian, shift the GRC component of the LoC Periodicals/Serials Database to LSTA funds while staff studies cost-effective methodologies for managing the Periodicals/Serials database, thereby saving \$329,300.
- Reduce the proposed allocation to Regional Library Networks by \$330,700.

Table 1

**PROPOSED LIBRARY OF CALIFORNIA
BUDGET 2001/02**

June 2001

Local Assistance	\$3,988,000
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Allocation

Statewide Programs

Librarians' Index to the Internet	\$280,335
Loan Compensation	\$660,000
LoC Serials/Periodicals DB – GRC	\$0
LoC Serials/Periodicals DB - CDL	\$65,505
	<hr/>
	\$1,005,840

Available Balance	\$2,982,160
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This allocation model would provide \$2,982,160 for Regional Library Network programming and \$1,005,840 for statewide programming, reducing the amount available for Regional Library Networks, but maintaining the interlibrary loan compensation program as a basic statewide service.

Staff will provide the Board with options and a recommendation for allocating any local assistance reductions among the Regional Library Networks at the August 2001 meeting. The Board cannot adopt a final budget until the State budget is passed and signed.

Recommendation:

To mitigate cash-flow problems for the regional library networks, staff proposes to immediately issue claim forms for \$200,000 per network and to issue the checks as soon as the State budget is signed. If the final LoC State budget is different from that which is anticipated by the Board, that difference will be taken into account with a second cycle of

claims adjusted to reflect the remaining balance of the actual allocation, per subsequent Board action.

Staff recommends that the Networks not file additional modified Plans of Service at this time. Service reductions resulting from reduced network funding can be identified as the networks file their fiscal and program reports.

ISSUE 2: Consider four meetings of the LoC Board in FY 2001/02.

Recommendation:

Staff recommends that the Board consider reducing its meeting schedule for FY 2001/02 from five meetings to four for the following reasons:

- The Board has now set in place a mechanism for allocating its local assistance budget, adopting Plans of Service and implementing programs. Without an additional budget augmentation it is unlikely that the Board will need to revisit program priorities or allocations for the 2001/02-year once it makes its final decisions in August.
- Fewer meetings will help reduce state operations costs for the Board and the LoC. The Governor's budget imposes a 2.5% cut in state operations.
- Fewer meetings will reduce costs for Regional Library Network administrative or service program funds associated with attending Board meetings.
- The frequency of meetings between February and August creates additional work for the Board and staff, with four meetings in seven months. In 2001 there are only five weeks between the end of the April meeting and the drafting of the June Board packet and only four weeks between the June meeting and the drafting of the packet for the August meeting. With fewer resources to commit to program development in the coming year staff resources would be better used working with the networks and developing LoC programs.
- The State budget process makes it difficult for the Board to make program decisions between the January budget release and the May budget revision. During this period elements of the program are on hold, pending final budget information.

Recommendation:

Staff recommends that the Board consider holding meetings in February, May, August and November, with the November meeting held in conjunction with the CLA Conference.

Recommendation:

Staff recommends that the Board consider holding the majority of its meetings in Sacramento, and that those meetings be scheduled for two days unless an additional planning session, requiring a third day, is included as part of the Board agenda. This would have the following benefits.

- Additional meetings in Sacramento would improve Board access to the legislature and state government.
- Meetings in Sacramento cost less because the State Library owns its own sound and audio-visual equipment, has access to inexpensive facilities, does not have to compensate staff for travel and expenses, and has to spend far less time on logistical planning.

Cost of Library of California Board meetings in- and out-of-Sacramento

Meeting Date & Location	Board Travel	Staff Travel	Meeting Room & Sound Equip.	Total
February 2000 Los Angeles	\$3,324 8 members present	\$7,013	\$2,955	\$13,292
April 2000 Sacramento	\$5,997 11 members present	0	0	\$5,997
August 2000 Irvine	\$5,065 9 members present	\$6,375	\$3,693	\$15,133
April 2001 Sacramento	\$3,311* 7 members	0	\$680	\$3,991

*Board travel for April 2001 includes an extra night lodging for CLA Legislative Day for four members, plus \$25-\$30 CLA registration fee for three members. Two Board members have not submitted reimbursement claims.

- Travel connections are better and travel costs are lower when compared to such sites as Santa Barbara, Redding, or Fresno. This is true not only for the Board but also for the Regional Library Network representatives and others concerned with attending Board meetings.
- More Board meetings in Sacramento improve the efficiency of staff, who would not need to travel the day before meetings and can conduct some additional business during meeting days, as appropriate.

ISSUE 3: Consider a BCP for FY 2002/03.

Recommendation:

Budget Change Proposal:

One BCP is under consideration by staff for the 2002/03 fiscal year:

Library of California Augmentation.

Staff requests that the Board prioritize the following program areas:

- Loan compensation
- Regional Library Network Services implementing mandatory programs or services
- Online database(s) support specifically for K-12 educational needs

OTHER ITEMS OF INTEREST TO THE BOARD

- Travel Advances – staff have been informed that travel advances are only available for salaried state employees. Board members are not eligible for travel advances.
- State Credit Card – Credit cards are available but the person to whom the card is issued must assume responsibility for all expenses and must continue to file travel expense claims. If expenses are in excess of state guidelines, or are not eligible for reimbursement, the cardholder assumes responsibility. Staff does not recommend obtaining state-provided cards under these terms since they are identical to terms for using personal credit cards.
- Transition – Exhibit A displays a program comparison for CLSA and LoC including the proposed budget appropriation for 2001/02 as of the April Board meeting.

Staff Liaisons: Mark Parker/Diana Paque